



# CITY OF MILPITAS

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455 EAST CALAVERAS BOULEVARD, MILPITAS, CALIFORNIA 95035-5479 • [www.ci.milpitas.ca.gov](http://www.ci.milpitas.ca.gov)

March 16, 2004

Assemblymember Abel Maldonado  
State Capitol, Room 4015  
Sacramento, CA 95814

RE: AB X4 1 (Maldonado): Governor's Workers' Compensation Reform Package

Dear Assemblymember Maldonado:

The City of Milpitas, Santa Clara County, strongly supports SB X4 3 (Poochigian): Governor's Workers' Compensation Reform Package.

The increase in costs for workers' compensation in recent years has directly impacted the business environment in our city and throughout the state of California. It is estimated that the Governor's reform package will decrease workers' compensation costs by 45% **and** at the same time increase benefits for the most severely injured employees when costs for the workers' compensation system is brought to the national average. Cost saving provisions of the Governor's reform package includes:

Indemnity costs: Mandate use of objective medical findings; outline the use of nationally recognized guidelines, like the American Medical Association guidelines, for impairment to improve consistency of awards; curb the use of permanent disability (PD) benefits by limiting awards for those who return to their previously held jobs or who are offered, but refuse to return to their job, or an equivalent paying job; bring rationality to the apportionment determination, so that a person cannot continue to receive new PD awards for the same injury; ensure that cumulative injuries are truly work related by applying the standard of "predominant cause" to those kinds of injuries and for all other specific injuries, apply a 10% standard; clearly define "permanent and stationary" so that claims cannot continue unresolved; require that medical physicians be the ones to determine permanent disability.

Medical costs: Allow for an employee to change doctors after 30 days or to predesignate a doctor only if it is mutually agreed to by the employer; make clear that the mandate to "cure and relieve" is based on sound, proven principles of medical necessity; establish an independent medical review process; ensure that the "qualified medical examiner" (QME) process is used solely for PD determinations; improve the utilization controls created in SB 228 (Alarcon, Chapter 639 statutes of 2003) that the abuse of over-utilization of the system is truly curtailed.

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Administrative costs: Amend Labor Code 5814 so that the penalty is assessed on the actual late payment rather than the entire claim-past, present and future; allow an insurer or employer the ability to self-impose a penalty upon themselves so that an unintentional violation can be quickly remedied.

Other issues: Restore the exclusive remedy and reduce the possibility for lawsuits for employers who follow the law; eliminate prisoners from being eligible for compensation; eliminate the requirement included in SB 228 for all insurers to inspect the safety program of every single business; modify the alternative dispute resolution (ADR) program provisions of SB 228 so that all industries can avail themselves of the successful model of ADR currently authorized for the construction trades.

For the above cost-saving and benefit enhancement reasons, we strongly support the Governor's workers' compensation reform proposal. If you have any questions or comments, please contact Cynthia Maxwell at 408-586-3282.

Sincerely,

Jose S. Esteves  
Mayor

c: State Senator Liz Figueroa



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Senator Charles Poochigian  
State Capitol, Room 5087  
Sacramento, CA 95814

RE: SB X4 3 (Poochigian): Governor's Workers' Compensation Reform Package

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